



# Economic Development and Investment

## How did photovoice define Economic Development and Investment?

What are the impacts that economic development and investment have on our community? This theme arises out of photovoice narratives which highlight the ways government dollars are allocated, economic development projects are prioritized, and where small businesses thrive.

## Government Budgetary Allocation

Each year, Louisville Metro government undergoes a process to figure out how much money should be spent and how it should be spent.

Budgeting is often about prioritization—what things do we care most about that we are willing to spend money on? Budgeting is a balance between fulfilling the requirements and needs of the government with the capacity to make changes and improvements for the city. With a set amount of money, the government must make choices about how much money can be given to each department and project.

### Key Terms:

**Budget:** the amount of money available to spend based on a plan for how to spend it

**Fiscal Year (FY):** the definition of a year for tax and accounting purposes. In Louisville it spans July 1<sup>st</sup> to June 30<sup>th</sup>.

## How does the Louisville Metro Government budget process work?

### LOUISVILLE METRO BUDGET BACKGROUND, PROCESS, AND FINANCIAL POLICIES FISCAL YEAR 2014-2015



### Timeline:

August-September:	Mayor's Strategic Plan developed
October-December:	Department Strategic Plans developed
January:	Budget development questionnaires distributed
February-March:	Budget development meetings
April-May:	Budget reviews with Mayor and legislative briefings
May:	Mayor's Recommended Budget presented
June:	Metro Council budget hearings and adoption



**CENTER FOR  
HEALTH EQUITY**  
A Division of Public Health and Wellness

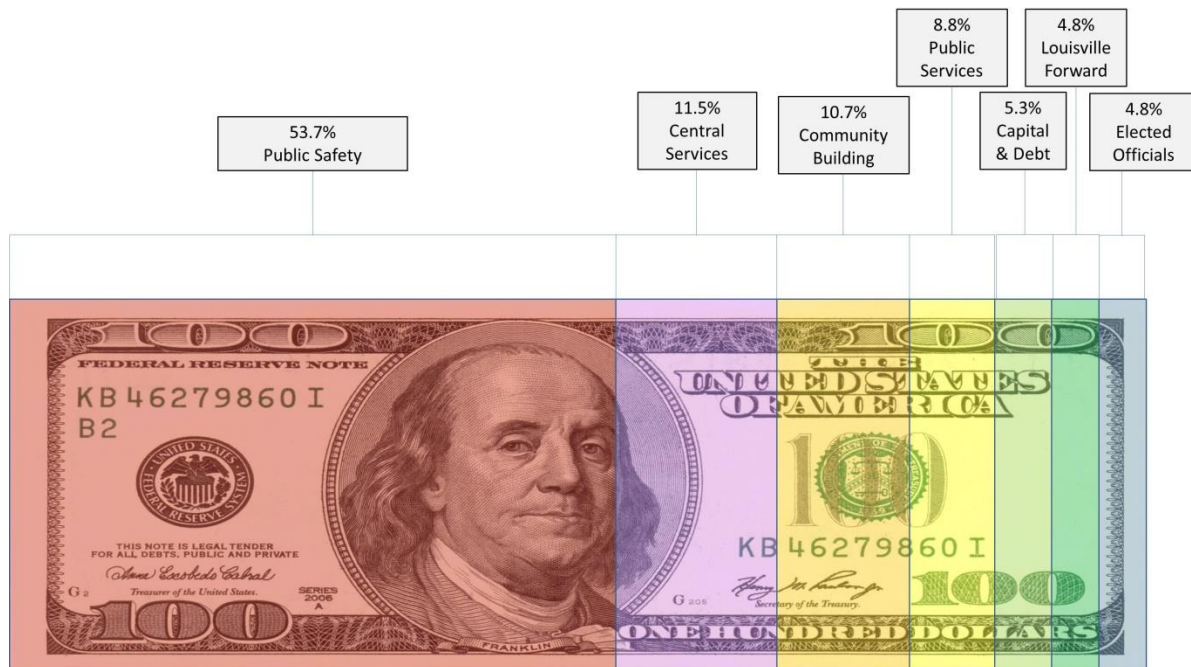


**ANNIVERSARY**

To learn more about how the budgeting process worked in FY 2014-2015, see:  
[https://louisvilleky.gov/sites/default/files/management\\_budget/fy15budget/fy15-04budget\\_process.pdf](https://louisvilleky.gov/sites/default/files/management_budget/fy15budget/fy15-04budget_process.pdf)

This year, Metro Council revised the process requiring that the Mayor present the budget proposal at the Council's last meeting in April.

Here is how the local government decided to allocate money for FY 2016-2017<sup>1</sup>.



The budget of \$822 million was unanimously approved by Louisville Metro Council. This included \$2.5 million for the Affordable Housing Trust Fund. An additional \$10 million was approved for<sup>2</sup>:

- \$ 5 million will be added to \$ 18.1 million proposed in the Mayor's Budget for increased paving/ road improvements for a total of \$23 million
- \$1,090,000 for sidewalks
- \$455,000 for Metro Corrections
- \$550,000 for Park improvements

According to a press release, "More than 60% of the budget is designated in the area of public safety including, more police officers, firefighters, cameras and laying the groundwork for Spotshotter technology."<sup>2</sup>

To see more detail about this year's budget and to see more information on previous years' budgets, visit: <https://louisvilleky.gov/government/management-budget/fy17-recommended-budget>

The Office of Management and Budget<sup>3</sup> is the Metro Government Office which governs the budgetary process and oversees the government's financial affairs.

The Mayor and Metro Council are the executive and legislative bodies which have final say over the annual budget.

#### **Innovating the Budget:**

Some cities have adopted the process of *Participatory Budgeting* which allows citizens to develop projects and vote on how discretionary funding is allocated.

Learn more at:

<http://www.participatorybudgeting.org/>

## **Economic Development Projects**

Economic development includes the policies and processes by which a community can improve the well-being of its people. Economic development can include many sectors including government, nonprofits, private companies, and community members. Some of the major organizations involved in economic development projects in Louisville include Louisville Metro Government's Louisville Forward, the Chamber of Commerce- Greater Louisville Inc., various developers, non-profits, community development corporations, and community development financial institutions.

Louisville Forward maintains an "Economic Dashboard," updated monthly and annually with statistics relevant to the economic health of Jefferson County:

<https://louisvilleky.gov/government/economic-dashboard>

Additionally, the St. Louis Federal Reserve publishes the "Burgundy Book" for the Louisville 8<sup>th</sup> Regional District quarterly with information on economic trends. The most recent one can be found here: <https://www.stlouisfed.org/news-releases/2016/09/28/st-louis-fed-releases-louisville-burgundy-book>

Some projects taken on by Louisville Forward include the West Louisville Strategies for Success, Dixie Highway development and the Cedar Street development in Russell.



## Economic Development Tools

Here are just *some* of the tools used in economic development:

**Community Development Corporations (CDCs):** These are neighborhood-level nonprofits that provide community development services. These can range from affordable housing to financial empowerment services.<sup>4</sup> For more information see the attached Fact Sheet.

Louisville has several CDCs:

- Bates CDC in Smoketown: <http://www.batescdc.com/>
- Louisville Central Community Center (LCCC) CDC in Russell: [http://23.235.192.35/~lcccne5/?page\\_id=917](http://23.235.192.35/~lcccne5/?page_id=917)
- Molo Village CDC in Russell: <http://molovillage-cdc.org/about-us/>
- Highland Park CDC: <http://www.highlandparkcdc.com/>
- Louisville Downtown Partnership (LDP) CDC: <http://louisvilledowntown.org/about/>

**Community Development Financial Institutions (CDFIs):** CDFIs can be for-profit or non-profit entities and encompass four sectors: banks, credit unions, loan funds, and venture capital funds. CDFIs help low-income and low-wealth people join the economy through financing for projects such as small businesses, non-profits, commercial real estate and affordable housing.<sup>4,5</sup> For more information see the attached Fact Sheet.

Louisville is served by two CDFIs, Community Ventures Corporation and Kentucky Habitat for Humanity.<sup>6</sup>

**Community Development Block Grant Program (CDBG):** In 1974, the federal government through the U.S. Department of Housing and Urban Affairs created this grant program which provides “annual grants on a formula basis to entitled cities and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons.”<sup>7</sup>

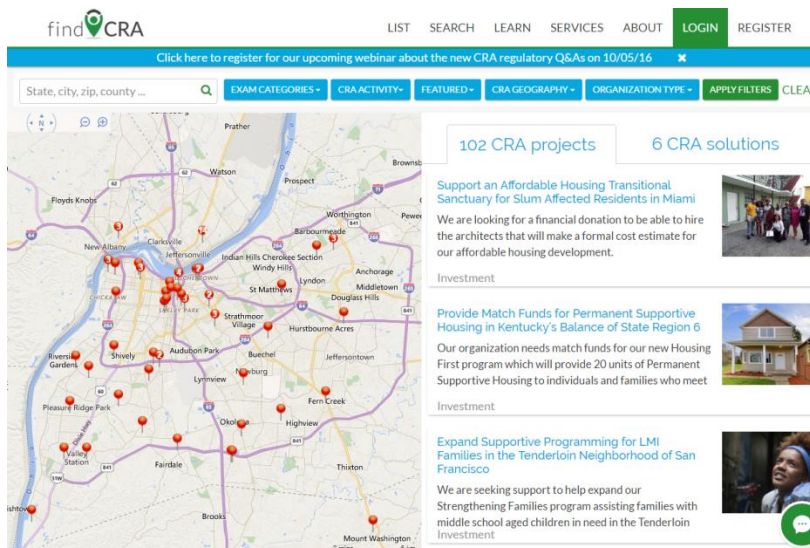
Louisville’s CDBG is primarily allocated to help provide resources for the city’s homeless population. *For more information visit:*

<https://louisvilleky.gov/government/community-services/hopwa-esg-and-cdbg-information>



**Community Reinvestment Act (CRA):** Created in 1977 as federal legislation, this act requires banking institutions to provide funding for loans, grants and investments, and community services.<sup>8</sup>

In Louisville, local small business findCRA ([www.findCRA.com](http://www.findCRA.com)) matches non-profits with banks to ensure equitable disbursement of funds.

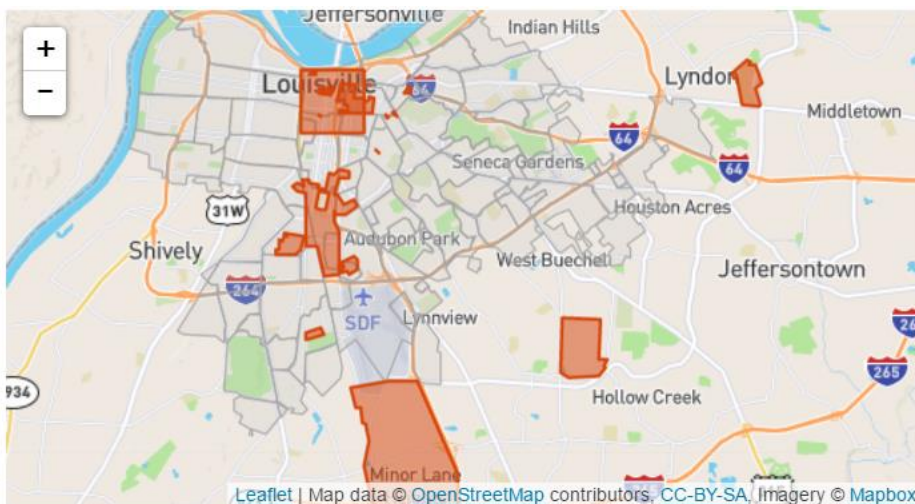


**Tax Increment Financing (TIF):** TIFs were intended to be an economic incentive for developers to build in low-income areas. For example, a developer might invest \$10 million in a project and the city would agree to a TIF, which would allow the developer to get a return on their investment. The developer begins to get their return as the property values in the investment area increase and appreciate over time. The city forgoes possible future property tax revenue in order to get development to occur.<sup>9</sup>

Louisville currently has 19 TIF agreements. More information on each of the individual projects can be found here:

<http://wfpl.org/where-how-much-louisville-helping-fund-private-projects/>

Here's a map of the current TIF districts in Louisville<sup>10</sup>:

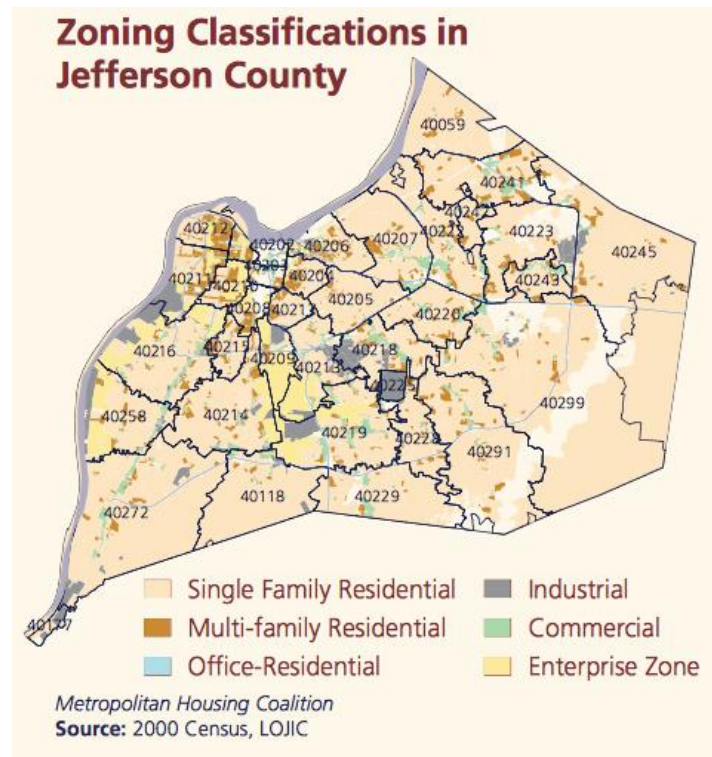


Sources: Louisville Metro Government, Think Kentucky, U.S. Census data, WFPL reporting  
Credit: Alexandra Kanik



**Zoning:** These are laws which say how a parcel of land can be developed. *For more information, you can review Louisville Metro Human Relations Commission report “Making Louisville a Home for Us All: A 20-year action plan for fair housing.”*<sup>11</sup>

Here is a map of Louisville’s current zoning allocations:



**Redevelopment incentives:** Louisville Metro and the State of Kentucky offer several tax incentives for redevelopment projects:

<https://louisvilleky.gov/government/louisville-forward/redevelopment-incentives>

**Historic Tax Credits:** In 2005, the state of Kentucky commenced a Historic Tax Credit program which was strengthened in 2014. This legislature gave developers tax credits if they helped “save, rehabilitate or reuse qualified properties.” In 2015, the Louisville Downtown Partnership hired Baker Tilly Virchow Krause, a Milwaukee-based accounting and advisory firm to conduct a study of the financial impact of the policy. Overwhelmingly, the results were positive in terms of job growth and creation and financial returns.<sup>12</sup>

**Land banks:** Land banks can be governmental or non-profits and work by acquiring vacant properties or land to help move the land into the hands of someone who will be able to develop the property and spur economic growth. *For more general information, see:* <http://www.communityprogress.net/land-banking-faq-pages-449.php>

In 1988, the Kentucky General Assembly passed legislation creating the Louisville and Jefferson County Landbank Authority Inc. which is a joint entity of the City of Louisville, Jefferson County, and the Jefferson County School District, who are the major taxing authorities in the county. *More information can be found here:* <https://louisvilleky.gov/government/vacant-public-property-administration/landbank-authority-1>

**Case Studies in Economic Development:**

Two reports have highlighted potential changes to economic development best practices in order to ensure cities are developing in a more equitable manner. Additionally, they provide several case studies and examples.

1. Amy Liu of the Brookings Institution- “Remaking Economic Development: The Markets and Civics of Continuous Growth and Prosperity” (2016)
2. Steinberg et al. of the University of Pennsylvania School of Design, Department of City and Regional Planning- “Small legacy cities, Equity, and a Changing Economy” (Spring 2014)



## Small, locally owned businesses

Small, locally owned businesses are important because they can help stabilize and improve the local economy, they provide more quality, higher paying jobs, they help create and add to the unique identity of each neighborhood, they increase property values in a neighborhood, increase charitable giving, and offer a greater diversity of purchasing choices for consumers.<sup>13</sup>

There are many Louisville resources which help provide both funding and training for small business owners. These include the Louisville Independent Business Alliance, which helps provide marketing, research, and education on why local businesses are important; Louisville Metro Government resources through Louisville Forward and Community Services; and several non-profits.

*For a list of organizations, their services and contact information, see Louisville Independent Business Alliance's Resource sheet.*

*Another list of resources and organizations can be found on Louisville Forward's site: <https://louisvilleky.gov/government/louisville-forward/small-business-resource-ecosystem>*

### Loans

Within Louisville Metro, the Metropolitan Business Development Corporation (METCO) has 9 different loans available to small businesses.

*For more information, visit: <https://louisvilleky.gov/government/louisville-forward/local-loan-programs>*

Also within Louisville Metro, the division of Community Services offers a Microbusiness program which provides training, technical assistance and loans to microbusinesses (those with 5 or fewer employees).

*For more information visit: <https://louisvilleky.gov/government/community-services/microbusiness-program>*

*Additionally, read the "Microbusiness Development Program: 5 year report": [https://louisvilleky.gov/sites/default/files/community\\_services/pdfs/2015microbizreport.pdf](https://louisvilleky.gov/sites/default/files/community_services/pdfs/2015microbizreport.pdf)*

### Support

Louisville Metro provides resources related to training for new and existing small business owners as well as assistance in finding a property to develop.

*More information can be found here: <https://louisvilleky.gov/government/louisville-forward/services/small-business-development>*





Additionally, they have compiled a document with all the information a small business owner needs to know to do business, called “Doing Business in Louisville, KY”.

*This information can be found here:*

[https://louisvilleky.gov/sites/default/files/economic\\_development/pdf\\_files/doing\\_businessinlouisville\\_0.pdf](https://louisvilleky.gov/sites/default/files/economic_development/pdf_files/doing_businessinlouisville_0.pdf)

Once a small business exists, they can join business associations or chambers to help support their work.

*A comprehensive list can be found here:*

<https://louisvilleky.gov/government/louisville-forward/business-associations>

### *Procurement*

Louisville Metro is also a large consumer of local businesses, which they enroll through their vendor program. Human Relations Commission also provides a free certification process to small business owners, which certifies that the business is owned and controlled by a minority, woman, or person with a disability. This helps Louisville Metro Government meet its procurement requirements (as written into local ordinance LMC0 37.68)

*For more information, see the Certification Fact Sheet.*

## **Financial Empowerment**

While not explicitly discussed in the photovoice narratives, financial empowerment of community members is also important to the economic development of the city. Many businesses decide where to place their developments and investments based on how many cash versus credit card purchases are made in an area. Financial empowerment can also help many areas begin to develop wealth.

Below are a list of organizations and resources within the community that address financial empowerment (as compiled by Metro United Way):

- Bank On Louisville [www.bankonlouisville.org](http://www.bankonlouisville.org)
  - Includes both access to mainstream financial services and financial education opportunities
  - *For more information see their: 5 year program report.*

### **A National Leader**

Bank On Louisville has been a national leader in financial empowerment best practices. They are part of the Cities for Financial Empowerment Coalition, and have been working to train other non-profits in the community to offer financial empowerment services.

For more information visit:

<https://www.stlouisfed.org/publications/bridges/winter-20122013/bank-on-louisville-helps-lead-the-way-to-financial-empowerment>



- Louisville Asset Building Coalition [www.labcservices.org](http://www.labcservices.org)
  - Provides free income tax preparation assistance to working families and connections to other services such as free credit reports.
- Siemer Institute for Family Stability [www.familystability.org](http://www.familystability.org)
  - To support families with school aged children through holistic coaching and case management services. Local effort: Our local effort launched in April, 2014, with Metro United Way serving as grantee. Eastern Area Community Ministries, the Sister Visitor Center, the Salvation Army of Louisville, and Family Scholar House are serving as our local direct service partners, and they have committed matching funds. Jefferson County Public Schools is a planning and referral partner.
- Personal Financial Empowerment Series - <https://louisvilleky.gov/government/community-services/personal-finance-empowerment-series>
  - Workshops designed for health and human services staff to bolster their personal financial management skills.
- Community Financial Empowerment Certification Program <https://louisvilleky.gov/government/community-services/community-financial-empowerment-certification>
  - Also for health and human services staff that provides training on how to speak to clients about their personal finances and make helpful referrals.

## References

1. <https://louisvilleky.gov/government/management-budget/fy17-recommended-budget>
2. <https://louisvilleky.gov/news/metro-council-approves-fy-2016-%E2%80%93-2017-capital-and-operating-budgets>
3. <https://louisvilleky.gov/government/management-budget>
4. <http://www.buildhealthyplaces.org/jargon-buster/#>
5. <http://ofn.org/what-cdfi>
6. <http://ofn.org/cdfi-locator>
7. <https://www.hudexchange.info/programs/cdbg-entitlement/>
8. <https://www.ffiec.gov/cra/>
9. <http://wfpl.org/lets-talk-tifs-public-finance-expert/>
10. <http://wfpl.org/where-how-much-louisville-helping-fund-private-projects/>
11. [https://louisvilleky.gov/sites/default/files/planning\\_design/general/making\\_louisville\\_home\\_for\\_us\\_all\\_a\\_20-year\\_action\\_plan\\_for\\_fair\\_housing.pdf](https://louisvilleky.gov/sites/default/files/planning_design/general/making_louisville_home_for_us_all_a_20-year_action_plan_for_fair_housing.pdf)
12. <http://insiderlouisville.com/metro/government/report-shows-kentuckys-historic-tax-credits-will-more-than-pay-for-themselves/>
13. <http://www.keeplouisvilleweird.com/>

